GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:1244
ANSWERED ON:01.08.2005
ASSISTANCE FROM IRAN FOR KIOCL PROJECT
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Will the Minister of STEEL be pleased to state:

(a) whether the Government has received assistance from the Government of Iran for implementation of Kudremukh Iron Ore Project;

(b) if so, the details of the agreement signed with Government of Iran in this regard;

(c) the details of the terms and conditions of the assistance;

(d) the quantum and cost of Iron Ore exported to Iran from the Kudremukh Iron Ore Project since its operation till date and foreign exchange earned therefrom; and

(e) the details of the debts due to Iran as on date and the time by when it will be repaid?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) Yes, Sir. The Imperial Government of Iran had agreed to provide necessary credit for implementation of Kudremukh Iron Ore Project;

(b)&(c): A Memorandum of Understanding was entered into on 2nd May, 1974 between the Imperial Government of Iran and the Government of India.

(i) As per the MoU dated 2.5.1974, the Government of Iran was to provide necessary credit for the implementation of the Kudremukh Iron Ore Project for production and delivery of Iron ore concentrate to the National Iranian Steel Industries Company, Tehran.

(ii) Based on the provisions of the above MoU, a Sale and Purchase Contract was concluded on 4.11.1975 for production and supply of 150 million tonnes of Iron Ore Concentrate over a period of 20 years @ 7.5 million tonnes per annum. Subsequently, on 3rd August, 1989, an MoU was entered into between the Government of India and the Government of Iran which provided for revised quantity schedule of supply, pricing formula etc. As per this MoU, the quantum of Iron Ore Concentrate to be supplied to Iran was brought down to 25 million tonnes, to be supplied from the year 1989-90 onwards, over a period of 15 years.

(iii) The Imperial Government of Iran agreed to sanction loan not exceeding US $ 630 million to finance implementation of the Kudremukh project. However, due to the subsequent political developments and upheavals in Iran, they paid US $ 255.175 million only. The Kudremukh Project was completed with the balance funds made available by the Government of India.

(d) Shipment of Iron ore concentrate to Iran commenced on 31.1.1990 and upto 30th June, 2004, a total quantity of 13.372 million tonnes has been shipped, the value of which is Rs. 1008.70 crores; and the foreign exchange earned on this account is US $ 280.263 million.

(e) There is no outstanding debt due to Iran as on date.